WEEKLY ECONOMIC REVIEW

December 8, 2006

U.S. payroll employment rose by 132,000 in November, exceeding market forecasts for a gain of 110,000. The jobs report provided further evidence of underlying strength in the U.S. economy, which continues show solid growth overall, despite a significant slowdown in the housing sector.

As expected, the Bank of Canada maintained its overnight target rate at 4.25 per cent this week. In an accompanying statement, the Bank indicated that its outlook for the Canadian economy was essentially unchanged from its October 2006 forecast, in which it had predicted GDP growth of 2.8 per cent in 2006 and 2.5 per cent in 2007.

Activity in Canada's housing sector remained healthy in November, as the number of housing starts edged up slightly, to an annual pace of 225,000 units. In Alberta, housing starts surged 36.9 per cent, to an annual pace of 55,300 units. With starts averaging over 49,000 (annualized) through the first eleven months of 2006, Alberta is on track to surpass the annual record of 47,925 starts (set in 1978).

Cdn Dollar (C¢/US$)

Dec	8, 2006	87.0¢
Dec	1, 2006	87.4¢
2006-07 YTD		88.9¢

WTI Oil US$/bbl

Dec	7, 2006	$62.49
Nov	30, 2006	$63.13
2006-07 YTD		$67.78

Nymex Natural Gas C$/mcf *

December Contract

Dec	8, 2006	$8.86
Dec	1, 2006	$9.70

*Estimate based on Nymex Futures Market Price

Data on building permits also pointed to a positive outlook for Canada's construction sector. In October, the value of Canadian building permits jumped 6.8 per cent, to the second-highest level on record. In Alberta, the value of permits was down only marginally from the the record high amount posted in September.

Canada's energy industry expects its spending to moderate in 2007, due in part to reduced drilling for natural gas. The Canadian Association of Petroleum Producers (CAPP) projects total industry expenditures at $41 billion in 2007, down from an estimated $44 billion in 2006.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Employment	**November**			
United States	+132,000	0.1%	1.3%	1.4%
Housing Starts[2]	**November**			
Alberta	55,300	36.9%	26.3%	22.0%
Canada	225,000	0.8%	-1.8%	3.2%
Building Permits ($ Millions)	**October**			
Alberta	1,333	-0.2%	39.3%	38.4%
Canada	6,027	6.1%	16.7%	10.3%
Rigs Drilling	**November**			
Alberta	340	4.7%	-30.7%	0.6%

Source: Statistics Canada, Canada Mortgage and Housing Corporation, U.S. Bureau of Labor Statistics

[1]Year-to-date 2006 compared to the same time period in 2005. For example: January-November 2006 versus January-November 2005

2 Seasonally Adjusted at Annual Rates